



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B54559

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

March 10, 2020

Board of Commissioners
Tell City Housing Authority
1648 Tenth Street
Tell City, IN 47586

We have reviewed the audit report of the Tell City Housing Authority, which was opined upon by Audit Solutions, LLC, Independent Public Accountant, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Tell City Housing Authority as of June 30, 2019, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**HOUSING AUTHORITY OF THE CITY OF TELL CITY
TELL CITY, INDIANA**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2019

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	i-vii
Basic Financial Statements:	
Statement of Net Position	3-4
Statement of Revenue, Expenses and Changes in Net Position	5
Statement of Cash Flows	6-7
Notes to the Basic Financial Statements	8-17
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	18
Financial Data Schedule	19-21
COMPLIANCE SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	24-25
Significant Deficiencies Communicated in Prior Year	26
Schedule of Findings and Questioned Costs	27

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City Tell City
Tell City, Indiana

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Tell City (Authority), Indiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-vii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The accompanying Financial Data Schedule and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying Financial Data Schedule and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 3, 2020, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

March 3, 2020

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2019

This section of the Housing Authority of the City of Tell City, Indiana's annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources, associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of June 30, 2019 was \$1,638,201. The net position increased by \$230,690, an increase of 16.4% over the prior year.
- Revenues for the Authority were \$1,693,389 for the year ended June 30, 2019. This was an increase of \$108,246 or 6.8% over the prior year.
- Expenses for the Authority were \$1,462,699 for the year ended June 30, 2019. This was an increase of \$414 or 0.0% over the prior year.
- Rental revenue for the Authority was \$749,367 for the year ended June 30, 2019, an increase of \$23,948 or 3.3% over the prior year. HUD operating grants awarded to the Authority were \$832,138 for the year ended June 30, 2019, an increase of \$86,988 or 11.7% over the prior year. Capital contributions received by the Authority were \$102,740 for the year ended June 30, 2019, a decrease of \$3,765 or 3.5% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required by HUD*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

Required Financial Statements

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets and deferred outflows of resources) and obligations of the Authority creditors (liabilities and deferred inflows of resources). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Required Financial Statements - (Continued)

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required by HUD*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2019 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of an agency's financial position. As stated in the table on the following page, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,638,201 at the close of the year ended June 30, 2019 up from \$1,407,511 in fiscal year 2018. The increase in net position of \$230,690 was due the reasons noted below.

- Current assets include cash, investments, receivables, prepaid expenses, materials inventory and assets held for sale. Of the \$321,694 increase in this category, cash and investments decreased \$47,214, receivables increased \$360,490, prepaid expenses increased \$10,227, and materials inventory decreased \$1,809.
- Capital assets decreased \$77,505 because current year depreciation expense exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Asset" of this analysis.
- Current liabilities increased \$13,499 mainly due to a \$20,092 increase in accounts payable and other accrued liabilities owed to vendors and contractors. This was partially offset by a \$1,067 decrease in accrued wages and payroll taxes payable and a \$2,413 decrease in unearned revenue.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2019

FINANCIAL ANALYSIS - (Continued)

CONDENSED STATEMENTS OF NET POSITION
JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current assets	\$ 944,736	\$ 623,042	\$ 321,694	51.6%
Capital assets	868,577	946,082	(77,505)	-8.2%
Total Assets	<u>\$ 1,813,313</u>	<u>\$ 1,569,124</u>	<u>\$ 244,189</u>	15.6%
Current liabilities	<u>\$ 175,112</u>	<u>\$ 161,613</u>	<u>\$ 13,499</u>	8.4%
Total Liabilities	<u>175,112</u>	<u>161,613</u>	<u>13,499</u>	8.4%
Net Position				
Net investment in capital assets	868,577	946,082	(77,505)	-8.2%
Restricted	1,617	5,000	(3,383)	-67.7%
Unrestricted	<u>768,007</u>	<u>456,429</u>	<u>311,578</u>	68.3%
Total Net Position	<u>\$ 1,638,201</u>	<u>\$ 1,407,511</u>	<u>\$ 230,690</u>	16.4%

The unrestricted net position was \$768,007 as of June 30, 2019. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for nine months. The restricted net position was \$1,617 as of June 30, 2019. This amount may only be used for housing assistance payments in the Housing Choice Voucher program. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

The largest portion of the Authority's net position reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2019

FINANCIAL ANALYSIS - (Continued)

While the Statement of Net Position shows the change in financial position of net position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
JUNE 30,**

	2019	2018	Dollar Change	Percent Change
Revenues and Contributions				
Operating - non-operating - capital contributions:				
Rental revenue	\$ 749,367	\$ 725,419	\$ 23,948	3.3%
HUD operating grants	832,138	745,150	86,988	11.7%
Interest income	3,952	1,868	2,084	111.6%
Capital contributions	102,740	106,505	(3,765)	-3.5%
Other income	5,192	4,701	491	10.4%
Gain (loss) on sale of fixed assets	-	1,500	(1,500)	-100.0%
Total Revenues & Contributions	1,693,389	1,585,143	108,246	6.8%
Expenses				
Administrative	179,349	173,109	6,240	3.6%
Tenant services	1,969	1,197	772	64.5%
Utilities	222,635	206,574	16,061	7.8%
Ordinary maintenance and operations	464,997	439,379	25,618	5.8%
Protective services	9,115	9,526	(411)	-4.3%
Insurance	59,853	61,698	(1,845)	-3.0%
General	47,821	47,817	4	0.0%
Non routine maintenance	11,480	3,902	7,578	194.2%
Housing assistance payments	233,355	278,384	(45,029)	-16.2%
Depreciation	232,125	240,699	(8,574)	-3.6%
Total Expenses	1,462,699	1,462,285	414	0.0%
Change in net position	230,690	122,858	107,832	
Total net position - beginning of year	1,407,511	1,284,653	122,858	
Total net position - end of year	\$ 1,638,201	\$ 1,407,511	\$ 230,690	

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2019

FINANCIAL ANALYSIS - (Continued)

As can be seen in the table on the previous page, total revenues increased \$108,246 due to the reasons noted below.

- Rental revenue increased \$23,948 or 3.3% primarily due to a 0.7% increase in occupancy and an increase in the average rental charge per dwelling unit of \$7.98 or 2.9%. The average rental charge was \$280.27 in FY 2019, up from \$272.29 in FY 2018.
- HUD operating grants increased \$86,988 or 11.7% from FY 2018 due to an increase of \$74,969 in capital fund grants used for operating expenditures and an increase in public housing operating subsidy of \$43,596 or 20.7%. This was partially offset by a decrease of \$31,577 in housing choice voucher program assistance.
- Interest income increased \$2,084 from FY 2018 mainly due to higher interest rates earned on certificates of deposit.
- Capital contributions decreased \$3,765 from FY 2018. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Capital contributions during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Other income increased \$491 or 10.4% from FY 2018.
- The Authority had a gain on disposal of fixed assets of \$1,500 in FY 2018.

Total expenses increased by \$414 due to the reasons noted below.

- Administrative expenses increased \$6,240 or 3.6% from FY 2018 primarily due to an increase in administrative wages and benefits of \$10,206 or 8.1%. This was partially offset by a \$2,595 decrease in auditing fees.
- Tenant services increased \$772 from FY 2018.
- Of the \$16,061 increase in utilities, water increased \$3,444 or 12.0%, electricity decreased \$4,554 or 4.5%, gas decreased \$2,575 or 8.1%, and sewer increased \$19,746 or 42.9%.
- Ordinary maintenance and operations increased \$25,618 or 5.8% from FY 2018 mainly due to increase maintenance wages and benefits of \$17,705 or 6.8% from FY 2018. The Authority also had an increase in services contracted for maintenance and repair of \$7,088 or 5.1% and an increase in maintenance materials purchased during the year of \$825 or 2.1%.
- Protective services decreased \$411 or 4.3% from FY 2018.
- Insurance decreased \$1,845 or 3.0% from FY 2018 mostly due to a \$2,593 decrease in expense for workers compensation insurance.
- General expenses increased \$4 from FY 2018.
- The Authority had non-routine maintenance of \$11,480 in FY 2019 for painting interior doors at Twilight Towers and \$3,902 in FY 2018 for mold remediation.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2019

FINANCIAL ANALYSIS - (Continued)

- Housing assistance payments decreased \$45,029 or 16.2% from FY 2018 due to a 11.1% decrease in lease-up rate for the Housing Choice Voucher program and a decrease in average housing assistance payment per unit of \$21.07 or 5.7%. Average housing assistance payment was \$345.71 in FY 2019, down from \$366.78 in FY 2018.
- The Authority had a \$8,574 or 3.6% decrease in depreciation, which is the write-off of capital assets over their estimated useful life.

The Public Housing occupancy rate for fiscal year ending June 30, 2019 was 98.2%, up slightly from 97.6% in FY 2018.

The Authority is authorized to assist 67 households with the Housing Choice Voucher Rental Assistance Program. The Section 8 lease-up rate for FY 2019 was 84.0%, down from 94.4% in FY 2018.

CAPITAL ASSETS

The Housing Authority of the City of Tell City, Indiana’s net investment in capital assets as of June 30, 2019 amounts to \$868,577. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress, net of accumulated depreciation.

Capital Assets – The total decrease in the Authority’s investment in capital assets for the current fiscal year was 8.2% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues and contributions were \$154,620 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$232,125. The Authority has \$255,609 available in in capital funds to draw down and spend in the future. Additional information on the Authority’s capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Disposals	Ending
Capital assets	\$946,082	\$154,620	\$(232,125)	\$(0)	\$868,577

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
June 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2020 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

The Authority receives annual budget authority from HUD based on prior year leasing and HAP utilization. In addition to annual budget authority, the Authority also has \$1,617 in HAP Reserves and \$16,409 in HUD-Held Program Reserves available for housing assistance payments. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2020 and adjusted for pro-ration which is currently at 79.370%.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Donna Nance
Executive Director
Housing Authority of the City of Tell City
1648 10th Street
Tell City, Indiana 47586

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

STATEMENT OF NET POSITION
June 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$	284,596
Cash - restricted		35,345
Investments		189,164
Receivables - net of allowances		378,752
Inventory - net of allowances		21,868
Prepaid expenses		<u>35,011</u>

Total Current Assets 944,736

Non-current Assets:

Capital assets:

Land and construction in progress		229,413
Other capital assets, net of depreciation		<u>639,164</u>

Total capital assets - net 868,577

Total Non-current Assets 868,577

Total Assets and Deferred Outflow of Resources \$ 1,813,313

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

STATEMENT OF NET POSITION - (Continued)

June 30, 2019

LIABILITIES

Current Liabilities:

Accounts payable	\$	118,493
Accrued salaries and benefits		9,597
Tenant security deposit liability		33,728
Accrued compensated absences		1,407
Unearned revenues		<u>11,887</u>

Total Current Liabilities 175,112

Total Liabilities 175,112

NET POSITION

Net investment in capital assets		868,577
Restricted		1,617
Unrestricted		<u>768,007</u>

Total Net Position 1,638,201

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 1,813,313

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019

OPERATING REVENUES	
Tenant revenue	\$ 749,367
Governmental grants and subsidy	832,138
Miscellaneous	<u>5,192</u>
Total operating revenue	<u>1,586,697</u>
OPERATING EXPENSES	
Administrative	179,349
Tenant services	1,969
Utilities	222,635
Ordinary maintenance and operations	464,997
Protective services	9,115
Insurance	59,853
General	47,821
Non routine maintenance	11,480
Housing assistance payment	233,355
Depreciation expense	<u>232,125</u>
Total operating expenses	<u>1,462,699</u>
Operating income (loss)	<u>123,998</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	<u>3,952</u>
Net non-operating revenues (expenses)	<u>3,952</u>
Income (loss) before contributions and transfers	<u>127,950</u>
Capital contributions	<u>102,740</u>
Change in net position	230,690
Total net position - beginning of year	<u>1,407,511</u>
Total net position - end of year	<u><u>\$ 1,638,201</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Received from tenants	\$ 745,057
Received from governmental grants and subsidy	474,457
Received from other operating activities	5,192
Payments for goods and services	(539,673)
Payments to employees	(433,234)
Payment in lieu of taxes	(43,623)
Payment for housing assistance	<u>(233,355)</u>

Net cash provided by (used in) operating activities (25,179)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital contributions	102,740
Purchases of capital assets	<u>(128,230)</u>

Net cash provided by (used in) capital and related financing activities (25,490)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds (payments) from sale (purchase) of investments	(3,391)
Receipts of interest and dividends	<u>3,455</u>

Net cash provided by (used in) investing activities 64

Net increase (decrease) in cash and cash equivalents	(50,605)
Cash and cash equivalents at beginning of year	<u>370,546</u>

Cash and cash equivalents at end of year	<u>\$ 319,941</u>
--	-------------------

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended June 30, 2019

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$	123,998
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		232,125
Change in assets and liabilities:		
Receivables, net		(359,993)
Inventories, net		1,809
Prepaid expenses		(10,227)
Accounts and other payables		(735)
Tenant security deposit		415
Unearned revenues		(2,413)
Compensated absences		(3,963)
Accrued expenses		<u>(6,195)</u>
Net cash provided by (used) by operating activities	\$	<u><u>(25,179)</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of the City of Tell City (Authority) is a public body and a body corporate and politic organized under the laws of the State of Indiana that is legally separate, fiscally independent and governed by a Board of Commissioners. The Authority was established to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other applicable federal agencies. Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

1B. Basis of Presentation

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

Proprietary Fund Types - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

Enterprise Fund - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1B. Basis of Presentation - (Continued)

The Authority operates the following programs in the enterprise fund:

Public and Indian Housing - The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income individuals.

Public Housing Capital Fund - The purpose of this program is to provide funds annually to housing authorities for the modernization of the housing development and for management improvements.

Section 8 Housing Choice Vouchers - The objective of the program is to help low-income families obtain decent, safe, and sanitary housing through a system of rental assistance. HUD reimburses the Authority for the rental supplements paid to private landlords and the administrative costs of managing the program.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

1E. Estimates and assumptions

The preparation of financial statements in conformity with Generally Accepted Accounting Principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Liabilities and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur within individual funds that may result in amounts owed between funds. Inter-fund receivables and payables between funds are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of HUD, tenants account and accrued interest receivable.

Inventories

Inventories are valued at lower of cost or market on an average cost basis. Inventories consist primarily of maintenance materials and supplies held for consumption. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as assets when purchased and expenses when used.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$1,000 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	10-25 years
Leasehold Improvements	3-15 years
Furniture, equipment and machinery - dwelling	3-10 years
Furniture, equipment and machinery - administrative	3-10 years

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Liabilities and Equity - (Continued)

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted asset is related to the security deposit fund under the Low Rent program and restricted HAP fund under Section 8 Housing Choice Voucher program.

Compensated Absences

The Authority's policies regarding vacation time permits employees to carry forward unused vacation leave till Dec 31st each year. Hence, the liability for these compensated absences is recorded all as short-term liabilities.

Equity Classifications

Equity is classified as net position and displayed in three components:

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position - Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (ii) law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted are available, the Authority's policy is to apply restricted assets to fund restricted costs and then unrestricted as they are needed.

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenues, Expenses and Change in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2019

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority’s compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2A. Program Accounting Requirements

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Public Housing Capital Fund	U.S. Department of Housing and Urban Development
Section 8 Housing Choice Vouchers	U.S. Department of Housing and Urban Development

2B. Deposits and Investments Laws and Regulations

It is the Authority’s policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

2C. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Public Housing Capital Fund	Modernization
Section 8 Housing Choice Vouchers	Housing assistance payment

For the year ended June 30, 2019, the Authority complied, in all material respects, with these revenue restrictions.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2019

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash and Investments

As of June 30, 2019, the Authority had the following cash deposits:

Cash deposits	\$ 319,341
Petty cash / Change fund	600
Certificate of deposit	<u>189,164</u>
Total	<u>\$ 509,105</u>

Following is a reconciliation of the Authority's deposit balances as of June 30, 2019:

Cash and cash equivalents	\$ 284,596
Restricted assets	35,345
Investments	<u>189,164</u>
Total	<u>\$ 509,105</u>

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2019, the Authority's bank balances of \$321,550 were entirely covered by FDIC insurance or by the Public Deposit Insurance Fund (PDIF) which was created in 1937 to protect the public funds of the state and its political subdivisions deposited in approved financial institutions in the state of Indiana. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by federal deposit insurance. The fund is administered by the Indiana Board for Depositories.

Custodial Credit Risk - Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2019, the Authority's investment balance of \$189,164 was entirely covered by FDIC or PDIF insurance.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organization. As the Authority's investments consist entirely of certificate of deposits, credit risk is not applicable to the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2019

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3A. Cash and Investments - (Continued)

Deposits – (Continued)

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At June 30, 2019, the concentration of the Authority's investment (excluding cash deposits) was as follows:

<u>Type of Investment</u>	<u>Market Value</u>	<u>Maturity Date</u>
Certificate of Deposit	\$ 55,263	10/1/2020
Certificate of Deposit	18,245	12/9/2020
Certificate of Deposit	<u>115,656</u>	8/22/2021
Total	<u>\$ 189,164</u>	

3B. Restricted Assets

Restricted assets at June 30, 2019 consist of the following:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Security deposit	33,728	----	----	33,728
HAP	<u>1,617</u>	----	----	<u>1,617</u>
Total	<u>\$ 35,345</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 35,345</u>

3C. Accounts Receivable

Receivables at June 30, 2019 consist of the following:

Tenant account receivable	\$ 1,163
Allowance for doubtful account	<u>(249)</u>
Tenants - net of allowance	914
HUD	377,173
Accrued interest	<u>665</u>
Total Accounts Receivable	<u>\$ 378,752</u>

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2019

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3D. Inventory

Inventory at June 30, 2019 comprised of the following:

Inventory	\$	22,089
Less: Allowance for obsolete inventory		<u>(221)</u>
Inventory - net of allowance	\$	<u>21,868</u>

3E. Capital Assets

A summary of capital asset activity for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	(Retirement)	Reclass/ Transfers in (out)	Balance June 30, 2019
Non-depreciable assets:					
Land	\$ 222,531	\$ -	\$ -	\$ -	\$ 222,531
Construction in progress	<u>6,345</u>	<u>537</u>	<u>-</u>	<u>-</u>	<u>6,882</u>
Total non-depreciable assets	<u>228,876</u>	<u>537</u>	<u>-</u>	<u>-</u>	<u>229,413</u>
Depreciable assets:					
Building	10,405,149	125,790	-	-	10,530,939
Equipment - dwelling	31,044	8,804	-	-	39,848
Equipment - administration	164,025	5,154	(14,290)	-	154,889
Leasehold improvements	<u>11,302</u>	<u>14,335</u>	<u>-</u>	<u>-</u>	<u>25,637</u>
Total depreciable assets	10,611,520	154,083	(14,290)	-	10,751,313
Accumulated depreciation	<u>(9,894,314)</u>	<u>(232,125)</u>	<u>14,290</u>	<u>-</u>	<u>(10,112,149)</u>
Total depreciable assets, net	<u>717,206</u>	<u>(78,042)</u>	<u>-</u>	<u>-</u>	<u>639,164</u>
Capital assets, net	<u>\$ 946,082</u>	<u>\$ (77,505)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 868,577</u>

Depreciation expense is charged to programs as follows:

<u>Business-type Activities</u>	
Public and Indian Housing	\$ 227,451
Section 8 – HCV	<u>4,764</u>
Total depreciation expense	<u>\$ 232,215</u>

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2019

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3F. Accounts Payable

Accounts payable at June 30, 2019 consist of the following:

Vendors & contractors	\$	6,388
Other current liabilities		26,390
Accrued utilities		19,989
PILOT		<u>65,726</u>
 Total	 \$	 <u>118,493</u>

NOTE 4 – OTHER NOTES

4A. Employee Pension Plan

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Metropolitan Life. The Plan administrator has complete control of the administration of the plan, including complete discretions to interpret or construe the provisions of the Plan and under which contributions are established or may be amended.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan requires the Authority to contribute 7% of covered wages. Benefits are fully vested at the end of 5 years of service.

The following information related to the defined contribution plan at June 30, 2019:

Total payroll	\$	314,861
Payroll for covered employees	\$	228,686
Employer contributions made	\$	16,008

4B. Contingencies

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

4C. Commitments - Construction

At June 30, 2019, the Authority had the following pending Capital Fund project in progress:

	Funds Approved	Funds Expended - Project to Date
CFP 501-16	\$ 204,886	\$ 184,484
CFP 501-17	212,579	42,516
CFP 501-18	<u>329,492</u>	<u>264,348</u>
Total	<u>\$ 746,957</u>	<u>\$ 491,348</u>

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2019

NOTE 4 – OTHER NOTES - (Continued)

4D. Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with Indiana Farm Bureau Co.
b. Injuries to employees (workers' compensation)	Purchased insurance with Indiana Farm Bureau Co. Claims are administered by the same company.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$10,000 deductible.
d. Health and Life	Health and life insurance is provided by Tell City Flexible Benefits.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4E. Financial Data Schedule

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation and HAP expense and includes investment income and capital contributions in operating activities, which differs from the presentation of basic financial statements.

4F. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 3, 2020 and concluded that no subsequent events have occurred that would require adjustment to or disclosures within these financial statements.

4G. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2020 federal budget.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor	Federal CFDA #	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 254,100
Public Housing Capital Fund	14.872	416,410
Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	<u>264,368</u>
Total Expenditures of Federal Awards		\$ <u><u>934,878</u></u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Tell City, Indiana (Authority) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

FINANCIAL DATA SCHEDULE
Year Ended June 30, 2019

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$154,312	\$130,284	\$284,596		\$284,596
113 Cash - Other Restricted		\$1,617	\$1,617		\$1,617
114 Cash - Tenant Security Deposits	\$33,728		\$33,728		\$33,728
100 Total Cash	\$188,040	\$131,901	\$319,941	\$0	\$319,941
122 Accounts Receivable - HUD Other Projects	\$377,173		\$377,173		\$377,173
126 Accounts Receivable - Tenants	\$1,163		\$1,163		\$1,163
126.1 Allowance for Doubtful Accounts -Tenants	-\$249		-\$249		-\$249
129 Accrued Interest Receivable	\$665		\$665		\$665
120 Total Receivables, Net of Allowances for Doubtful Acts	\$378,752	\$0	\$378,752	\$0	\$378,752
131 Investments - Unrestricted	\$189,164		\$189,164		\$189,164
142 Prepaid Expenses and Other Assets	\$35,011		\$35,011		\$35,011
143 Inventories	\$22,089		\$22,089		\$22,089
143.1 Allowance for Obsolete Inventories	-\$221		-\$221		-\$221
150 Total Current Assets	\$812,835	\$131,901	\$944,736	\$0	\$944,736
161 Land	\$222,531		\$222,531		\$222,531
162 Buildings	\$10,530,939		\$10,530,939		\$10,530,939
163 Furniture, Equipment & Machinery - Dwellings	\$39,848		\$39,848		\$39,848
164 Furniture, Equipment & Machinery - Administration	\$122,170	\$32,719	\$154,889		\$154,889
165 Leasehold Improvements	\$25,637		\$25,637		\$25,637
166 Accumulated Depreciation	-\$10,087,414	-\$24,735	-\$10,112,149		-\$10,112,149
167 Construction in Progress	\$6,882		\$6,882		\$6,882
160 Total Capital Assets, Net of Accumulated Depreciation	\$860,593	\$7,984	\$868,577	\$0	\$868,577
180 Total Non-Current Assets	\$860,593	\$7,984	\$868,577	\$0	\$868,577
290 Total Assets and Deferred Outflow of Resources	\$1,673,428	\$139,885	\$1,813,313	\$0	\$1,813,313
312 Accounts Payable <= 90 Days	\$6,388		\$6,388		\$6,388
321 Accrued Wage/Payroll Taxes Payable	\$9,597		\$9,597		\$9,597
322 Accrued Compensated Absences - Current Portion	\$1,407		\$1,407		\$1,407
333 Accounts Payable - Other Government	\$65,726		\$65,726		\$65,726
341 Tenant Security Deposits	\$33,728		\$33,728		\$33,728
342 Unearned Revenue	\$9,656	\$2,231	\$11,887		\$11,887
345 Other Current Liabilities	\$26,390		\$26,390		\$26,390
346 Accrued Liabilities - Other	\$19,989		\$19,989		\$19,989
310 Total Current Liabilities	\$172,881	\$2,231	\$175,112	\$0	\$175,112
300 Total Liabilities	\$172,881	\$2,231	\$175,112	\$0	\$175,112
508.4 Net Investment in Capital Assets	\$860,593	\$7,984	\$868,577		\$868,577
511.4 Restricted Net Position		\$1,617	\$1,617		\$1,617
512.4 Unrestricted Net Position	\$639,954	\$128,053	\$768,007		\$768,007
513 Total Equity - Net Assets / Position	\$1,500,547	\$137,654	\$1,638,201	\$0	\$1,638,201
600 Total Liabilities & Equity - Net	\$1,673,428	\$139,885	\$1,813,313	\$0	\$1,813,313

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

FINANCIAL DATA SCHEDULE - (Continued)

Year Ended June 30, 2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$657,520		\$657,520		\$657,520
70400 Tenant Revenue - Other	\$91,847		\$91,847		\$91,847
70500 Total Tenant Revenue	\$749,367	\$0	\$749,367	\$0	\$749,367
70600 HUD PHA Operating Grants	\$567,770	\$264,368	\$832,138		\$832,138
70610 Capital Grants	\$102,740		\$102,740		\$102,740
71100 Investment Income - Unrestricted	\$3,938	\$14	\$3,952		\$3,952
71500 Other Revenue	\$5,192		\$5,192		\$5,192
70000 Total Revenue	\$1,429,007	\$264,382	\$1,693,389	\$0	\$1,693,389
91100 Administrative Salaries	\$91,454	\$8,000	\$99,454		\$99,454
91200 Auditing Fees	\$3,710	\$2,000	\$5,710		\$5,710
91400 Advertising and Marketing	\$608		\$608		\$608
91500 Employee Benefit contributions - Administrative	\$36,605		\$36,605		\$36,605
91600 Office Expenses	\$19,891		\$19,891		\$19,891
91700 Legal Expense	\$1,200		\$1,200		\$1,200
91900 Other	\$15,881		\$15,881		\$15,881
91000 Total Operating - Administrative	\$169,349	\$10,000	\$179,349	\$0	\$179,349
92400 Tenant Services - Other	\$1,969		\$1,969		\$1,969
92500 Total Tenant Services	\$1,969	\$0	\$1,969	\$0	\$1,969
93100 Water	\$32,141		\$32,141		\$32,141
93200 Electricity	\$95,718		\$95,718		\$95,718
93300 Gas	\$29,044		\$29,044		\$29,044
93600 Sewer	\$65,732		\$65,732		\$65,732
93000 Total Utilities	\$222,635	\$0	\$222,635	\$0	\$222,635
94100 Ordinary Maintenance and Operations - Labor	\$197,025	\$4,000	\$201,025		\$201,025
94200 Ordinary Maintenance and Operations - Materials and Other	\$40,482		\$40,482		\$40,482
94300 Ordinary Maintenance and Operations Contracts	\$145,248		\$145,248		\$145,248
94500 Employee Benefit Contributions - Ordinary Maintenance	\$78,242		\$78,242		\$78,242
94000 Total Maintenance	\$460,997	\$4,000	\$464,997	\$0	\$464,997
95100 Protective Services - Labor	\$6,566		\$6,566		\$6,566
95500 Employee Benefit Contributions - Protective Services	\$2,549		\$2,549		\$2,549
95000 Total Protective Services	\$9,115	\$0	\$9,115	\$0	\$9,115
96110 Property Insurance	\$44,810		\$44,810		\$44,810
96120 Liability Insurance	\$6,686		\$6,686		\$6,686
96130 Workmen's Compensation	\$6,210		\$6,210		\$6,210
96140 All Other Insurance	\$2,147		\$2,147		\$2,147
96100 Total insurance Premiums	\$59,853	\$0	\$59,853	\$0	\$59,853
96210 Compensated Absences	\$3,763		\$3,763		\$3,763
96300 Payments in Lieu of Taxes	\$44,058		\$44,058		\$44,058
96000 Total Other General Expenses	\$47,821	\$0	\$47,821	\$0	\$47,821

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

FINANCIAL DATA SCHEDULE - (Continued)

Year Ended June 30, 2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96900 Total Operating Expenses	\$971,739	\$14,000	\$985,739	\$0	\$985,739
97000 Excess of Operating Revenue over Operating Expenses	\$457,268	\$250,382	\$707,650	\$0	\$707,650
97100 Extraordinary Maintenance	\$11,480		\$11,480		\$11,480
97300 Housing Assistance Payments		\$233,355	\$233,355		\$233,355
97400 Depreciation Expense	\$227,451	\$4,674	\$232,125		\$232,125
90000 Total Expenses	\$1,210,670	\$252,029	\$1,462,699	\$0	\$1,462,699
10010 Operating Transfer In	\$313,670		\$313,670	-\$313,670	\$0
10020 Operating transfer Out	-\$313,670		-\$313,670	\$313,670	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$218,337	\$12,353	\$230,690	\$0	\$230,690
11030 Beginning Equity	\$1,282,210	\$125,301	\$1,407,511		\$1,407,511
11170 Administrative Fee Equity		\$136,037	\$136,037		\$136,037
11180 Housing Assistance Payments Equity		\$1,617	\$1,617		\$1,617
11190 Unit Months Available	2388	729	3117		3117
11210 Number of Unit Months Leased	2346	675	3021		3021
11270 Excess Cash	\$502,097		\$502,097		\$502,097
11620 Building Purchases	\$126,327		\$126,327		\$126,327
11630 Furniture & Equipment - Dwelling Purchases	\$8,804		\$8,804		\$8,804
11640 Furniture & Equipment - Administrative Purchases	\$5,154		\$5,154		\$5,154
11650 Leasehold Improvements Purchases	\$14,335		\$14,335		\$14,335

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Housing Authority of the City Tell City
Tell City, Indiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Tell City (Authority), Indiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued my report thereon dated March 3, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Audit Solutions, LLC

Chesterfield, Missouri

March 3, 2020

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Commissioners
Housing Authority of the City Tell City
Tell City, Indiana

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Tell City (Authority), Indiana’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended June 30, 2019. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

My responsibility is to express an opinion on compliance for each of the Authority’s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority’s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority’s compliance.

Opinion on Each Major Federal Program

In my opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Audit Solutions, LLC

Chesterfield, Missouri

March 3, 2020

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEAR
June 30, 2019

The prior audit report for the year ended June 30, 2018 contained no audit findings.

HOUSING AUTHORITY OF THE CITY OF TELL CITY
Tell City, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No
<u>Identification of Major programs:</u>	
➤ CFDA #14.850 Public and Indian Housing	
➤ CFDA #14.871 Section 8 Housing Choice Vouchers	
➤ CFDA #14.872 Public Housing Capital Fund	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

The current audit report for the year ended June 30, 2019 disclosed no Financial Statement audit findings.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the year ended June 30, 2019 disclosed no Federal Awards audit finding and questioned costs.